

Adopted	Rejected
---------	----------

COMMITTEE REPORT

YES:	18
NO:	9

MR. SPEAKER:

*Your Committee on Ways and Means, to which was referred House Bill 1008, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS
- 3 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON
- 4 PASSAGE]:
- 5 **Chapter 9. Local Option Taxes.**
- 6 **Sec. 1. This chapter does not apply to a township.**
- 7 **Sec. 2. Except as otherwise provided in this chapter, the**
- 8 **definitions in IC 36-1-2 apply to this chapter.**
- 9 **Sec. 3. As used in this chapter, "adjusted gross income" has**
- 10 **the meaning set forth in IC 6-3-1-3.5(a).**
- 11 **Sec. 4. As used in this chapter, "income tax" means a tax on**
- 12 **the adjusted gross income of a taxpayer of the unit.**
- 13 **Sec. 5. As used in this chapter, "nonresident unit income**

taxpayer", as it relates to a particular unit, means any unit income taxpayer who maintains the taxpayer's principal place of business or employment in that unit on January 1 of a year but does not reside in that unit on January 1 of a year.

Sec. 6. As used in this chapter, "resident unit income taxpayer", as it relates to a particular unit, means any unit income taxpayer who resides in that unit on January 1 of a year.

Sec. 7. As used in this chapter, "unit income taxpayer" as it relates to a particular unit, means any individual:

- (1) who resides in that unit on January 1 of a year; or
- (2) who maintains the individual's principal place of business or employment in that unit on January 1 of a year.

Sec. 8. (a) The fiscal body of a unit may adopt an ordinance to impose an income tax.

(b) The ordinance must specify:

- (1) the rate at which a tax is imposed; and
- (2) the use of revenues that are not required to be used as provided in section 12 of this chapter.

(c) The executive of the unit must approve the use of the revenues as described in the ordinance.

Sec. 9. Except as provided in section 10 of this chapter, the ordinance must provide that at least sixty percent (60%) of the revenues from the tax will be used to provide targeted property tax relief to:

- (1) all property taxpayers;
- (2) certain classes of taxpayers;
- (3) certain classes of property; or
- (4) real property or personal property located in specific geographic areas within the unit;

excluding taxpayers that are corporations (as defined in IC 6-3-1-10) or public utility companies (as defined in IC 6-1.1-8-2), to the extent permitted by the Constitution of the State of Indiana.

Sec. 10. The sixty percent (60%) set aside requirement in section 9 of this chapter does not apply if the unit is able to:

(1) eliminate all property tax levied by:

(A) the unit; and

(B) all special taxing districts that act in the name of the unit;

other than property tax levies that may not be eliminated because they have been pledged to the payment of bonds, leases, or other obligations of the unit or a special taxing district that acts in the name of the unit; and

(2) otherwise provide for the payment of all bonds, leases, or other obligations of the unit or a special taxing district that acts in the name of the unit to which property taxes have been pledged;

with revenues from a tax imposed under this chapter.

Sec. 11. If an income tax is imposed under this chapter, the ordinance must provide that the income tax will be paid and collected in the unit in the same manner as the county option income tax is paid and collected in a county under IC 6-3.5-6.

Sec. 12. (a) A fiscal body of a unit that introduces an ordinance under this chapter must immediately provide written notice of the introduction of the ordinance to:

(1) the fiscal body of the county in which the unit is located; and

(2) the fiscal body of each municipality located in the county.

(b) An ordinance introduced under this chapter may not be adopted at the same meeting or on the same day as the ordinance was introduced.

Sec. 13. (a) Subject to subsection (c), the maximum rate of an income tax imposed under this chapter by a unit on the adjusted gross income of a unit income taxpayers may not exceed two percent (2%).

(b) Subject to subsection (c), the maximum combined rate of an income tax imposed under this chapter by a unit and the county in which the unit is located on the adjusted gross income of a unit income taxpayer may not exceed two percent (2%).

(c) The combined rates of all income taxes imposed on a unit

1 taxpayer by all units in the county under:

2 (1) this chapter;

3 (2) IC 6-3.5-1.1-2;

4 (3) IC 6-3.5-6-8; and

5 (4) IC 6-3.5-7-5;

6 may not exceed two percent (2%) of the unit income taxpayer's
7 adjusted gross income, excluding any part of the additional
8 combined tax rate for county adjusted gross income taxes, county
9 option income taxes, and county economic development income
10 taxes above one and twenty-five hundredths percent (1.25%) that
11 is authorized under IC 6-3.5-7-5.

12 (d) The rate of an income tax imposed on nonresident unit
13 income taxpayers by all units imposing an income tax under this
14 chapter is twenty-five hundredths (0.25) of the rate imposed by
15 the unit on its resident unit income taxpayers, rounded to the
16 nearest one hundredth (0.01).

17 (e) The combined rates of all income taxes imposed on a
18 nonresident unit income taxpayer by all units in the county under:

19 (1) this chapter;

20 (2) IC 6-3.5-1.1-2;

21 (3) IC 6-3.5-6-8; and

22 (4) IC 6-3.5-7-5;

23 may not exceed one-half percent (0.5%) of the nonresident unit
24 income taxpayer's adjusted gross income.

25 (f) Subject to this section, an ordinance imposing an income tax
26 under this chapter may provide that the income tax may be
27 imposed at a rate of:

28 (1) twenty-five hundredths percent (0.25%);

29 (2) five tenths percent (0.5%);

30 (3) seventy-five hundredths percent (0.75%); or

31 (4) one percent (1.0%);

32 on the adjusted gross income of resident unit income taxpayers.

33 (g) Subject to this section, an ordinance imposing an income tax
34 under this chapter may provide that the rate at which the income
35 tax is imposed on the adjusted gross income of resident unit

1 income taxpayers increases annually at a rate of twenty-five
2 hundredths percent (0.25%) until the rate reaches one percent
3 (1.0%).

4 Sec. 14. Two (2) or more units may adopt substantially identical
5 ordinances to jointly impose a tax under this chapter. Ordinances
6 jointly imposing a tax under this section must include a provision
7 for the distribution of revenues among the units acting jointly.

8 Sec. 15. If a county imposes a tax under this chapter, the
9 ordinance must provide for the distribution of revenues among all
10 units within the county.

11 Sec. 16. All revenues collected from a tax imposed under this
12 chapter shall be:

13 (1) deposited in a special account of the state general fund
14 for the benefit of the unit imposing the tax;

15 (2) reported to the unit by the department of state revenue
16 semiannually before December 30 and June 30 of each year;

17 and

18 (3) distributed:

19 (A) to the unit on or before the twentieth day of each
20 month; and

21 (B) upon warrants issued by the auditor of state to the
22 treasurer of state ordering those payments made to the
23 unit.

24 Sec. 17. The authority provided by this chapter is supplemental
25 and in addition to the authority provided to a unit under any other
26 provision of Indiana law.

27 Sec. 18. The department of local government finance may not
28 require a unit to reduce its property tax levy by the amount of
29 revenue received from a tax imposed under this chapter.

30 Sec. 19. An ordinance adopted under this chapter imposing an
31 income tax takes effect on January 1 or July 1 immediately
32 following adoption of the ordinance.

33 Sec. 20. The general assembly covenants with the respective
34 units and the purchasers and owners of bonds, leases, obligations,
35 or any other evidences of indebtedness of a unit payable from a

1 **tax imposed under this chapter that this chapter will not be**
2 **repealed or amended in any manner that will adversely affect the**
3 **imposition or collection of a tax imposed under this article so long**
4 **as the principal, interest, or lease rentals due under those bonds,**
5 **leases, obligations, or other evidences of indebtedness of a unit**
6 **that are payable from a tax imposed under this chapter remain**
7 **unpaid.**

8 **SECTION 2. [EFFECTIVE UPON PASSAGE] Distributions of**
9 **revenues from a tax imposed under IC 6-3.5-9, as added by this**
10 **act, must commence not later than thirty (30) days after the**
11 **effective date of an ordinance adopted under IC 6-3.5-9.**

1 SECTION 3. [EFFECTIVE UPON PASSAGE] **The provisions of**
2 **this act are severable, in accordance with IC 1-1-1-8.**

3 SECTION 4. **An emergency is declared for this act.**
 (Reference is to HB 1008 as introduced.)

and when so amended that said bill do pass.

Representative Crawford